

Message Text

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INFO OCT-01 NEA-05 ISO-00 EB-05 RSC-01 /012 R

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DRAFTED BY COM/BIC/OED/MEPD:TJASPER:GT

APPROVED BY EB/OCA/REP:MWDONOVAN

COM/BIC/OED/MEPD:JSANDS(DIRECTOR)

COM/BIC/OED/MEPD:CATKINS

NEA/ARP:QLUMSDEN

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P 262103Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY KUWAIT PRIORITY

UNCLAS STATE 085942

E.O. 11652: N/A

TAGS: BEXP,KU

SUBJECT: MAJOR TRADE OPPORTUNITY: KUWAIT CEMENT COMPANY \$50
MILLION EXPANSION

REF: KUWAIT 1549

1. PARA 4 REFTEL: FULLER INDICATES THIS IS NOT FEASIBLE
FOR PROJECT OF THIS MAGNITUDE.
2. FULLER INFORMS THAT WHILE THEY WOULD NORMALLY BE INTERESTED
IN CONSTRUCTING K.C. CEMENT PLANT, CERTAIN TERMS AND CONDITIONS
INCLUDED IN SPECIFICATIONS ARE UNACCEPTABLE AND THUS THEY
HAVE DECLINED TO BID. FULLER CABLE K.C. WITH THEIR DECISION
ON APRIL 24.
3. COMPANY INDICATES THERE ARE TWO PRINCIPAL REASONS FOR
THEIR DECISION, A) REQUIREMENTS FOR FIXED PRICE RATHER THAN
COST PLUS ON TURNKEY CONSTRUCTION OF COMPLEX AND B) SPECIFI-
CATIONS WERE RESTRICTIVE TO CERTAIN EUROPEAN SUPPLIERS.
4. WE ARE CONCERNED THAT AS IN MANY OTHER PROJECTS, HOLDER-
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BANK HAS WRITTEN SPECIFICATIONS TO LOCK IN PURCHASES FROM

EUROPE. (AS EMBASSY AWARE THIS IS PRIMARY REASON IT IS ADVANTAGEOUS FOR U.S. FIRM TO BE SELECTED AS CONSULTANT IN INITIAL PHASES OF PROJECT.) IN ADDITION HOLDER-BANK IS REQUIRING PURCHASE OF CERTAIN PIECES OF EQUIPMENT WHICH FULLER DEEMS INAPPROPRIATE. AS AN EXAMPLE, HOLDER-BANK SPECIFIES PLANETARY COOLERS WHICH FULLER BELIEVES ARE INAPPROPRIATE FOR THE PROJECT. FULLER COULD BE HELD UNRESPONSIVE IF THEY DID NOT INCLUDE PLANETARY COOLERS IN THEIR BID PACKAGE.

5. RE PARA 2: FULLER COMPLETELY COMPETENT AND CAN SUPPLY ALL EQUIPMENT AND SERVICES, INCLUDING CONSTRUCTION/ENGINEERING, NECESSARY TO UNDERTAKE ENTIRE TURNKEY PROJECT.

6. FULLER INDICATES THEIR PROPOSAL WOULD BE SUPERIOR TO JAPANESE AND EUROPEANS IN BOTH PRICE AND PERFORMANCE.

7. WERE IT POSSIBLE FOR EMBASSY, THRU APPROPRIATE REPRESENTATIONS TO ASSURE FLEXIBILITY ON TERMS AND CONDITIONS, FULLER WOULD RECONSIDER THEIR POSITION. REQUEST THAT EMBASSY DETERMINE IN K.C./HOLDER-BANK WOULD RESPOND ON THESE POINTS AND WHETHER FULLER, IF THEY DID PREPARE BID, WOULD RECEIVE FULL AND FAIR CONSIDERATION. EMBASSY SHOULD HIGHLIGHT WITH K.C. AND APPROPRIATE GOK OFFICIALS FULLER CAPABILITY AS WELL AS INTEREST USG IN PROJECT. EVEN IF IT IS IMPOSSIBLE TO GET FULLER INTO PROJECT AT THIS LATE DATE, EFFORTS NOW COULD ASSURE PARTICIPATION OF U.S. FIRMS IN THE THIRD EXPANSION DETAILED IN PARA 4.

8. PLEASE SLUG RESPONSE COMMERCE/MEPD. KISSINGER

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